

Message Text

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41

ACTION EUR-25

INFO OCT-01 IO-13 ADP-00 EURE-00 INRE-00 SSO-00 NSCE-00

USIE-00 AGR-20 CEA-02 CIAE-00 COME-00 DODE-00 EB-11

FRB-02 H-02 INR-10 INT-08 L-03 LAB-06 NSAE-00 NSC-10

PA-03 RSC-01 AID-20 CIEP-02 SS-15 STR-08 TAR-02

TRSE-00 PRS-01 OMB-01 OIC-04 AF-10 ARA-11 EA-11

NEA-10 RSR-01 /213 W

----- 027181

O R 221710 Z JUN 73

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC IMMEDIATE 5387

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION GENEVA

USMISSION OECD PARIS

LIMITED OFFICIAL USE SECTION 1 OF 2 EC BRUSSELS 3467

E. O. 11652: N/ A

TAGS: ETRD EAGR GATT XT EEC

SUBJ: US GRAIN RIGHTS UNDER STANDSTILL AGREEMENTS --
OPENING OF NEGOTIATIONS

REF: A. OECD PARIS 26037 (PARA 11); B. EC BRUSSELS 3035;
C. EC BRUSSELS A-100, MARCH 9; D. STATE 043150 (NOTAL)

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1. SUMMARY. AS THE JUNE 30 DEADLINE APPROACHES, THE COMMUNITY HAS STILL NOT GIVEN US A REPLY ON OPENING NEGOTIATIONS UNDER US GRAIN STANDSTILL RIGHTS. WE ANTICIPATE RECEIVING THE REPLY EARLY NEXT WEEK FOLLOWING APPROVAL BY MINISTERS AT THE EC COUNCIL MEETING IN LUXEMBOURG, JUNE 25-26. MEANWHILE, WE HAVE DISCUSSED THE SITUATION WITH HIJZEN AND HIS STAFF AND, SEPARATELY, PICKED UP CONFIDENTIAL INFORMATION ABOUT THE LIKELY TENOR OF THE COMMUNITY RESPONSE. ACTION REQUESTED: THE PURPOSE OF THIS MESSAGE IS TO PERMIT WASHINGTON AGENCIES TO BEGIN PLANNING FOR AN INITIAL MEETING PRIOR TO JUNE 30 BUT ACTION VIS- A- VIS THE COMMUNITY SHOULD BE TRIGGERED ONLY WHEN WE RECEIVE THEIR FORMAL REPLY. END SUMMARY.

2. ON MAY 22, SENIOR OFFICIALS IN THE COMMISSION'S DIRECTORATE GENERAL FOR EXTERNAL RELATIONS-- HIJZEN, FIELDING AND LOERKE-- REVIEWED WITH US THE STATE OF PLAY ON THE COMMUNITY'S RESPONSE TO THE US REQUEST TO OPEN NEGOTIATIONS UNDER THE GRAIN STANDSTILL RIGHTS (REF MESSAGES). THEY ADVISED US THAT, IF THE MATTER COULD NOT BE SETTLED WITHIN THE COMMUNITY BY COB FRIDAY, JUNE 22, IT WOULD HAVE TO GO TO THE LUXEMBOURG EC COUNCIL MEETING.

3. THEY ALSO ADVISED US THAT, WHEN WE RECEIVE IT, THE WRITTEN REPLY ACCEPTING THE OPENING OF NEGOTIATIONS WILL BE ACCOMPANIED BY SOME CAREFULLY WORKED OUT " ORAL " COMMENTS INDICATING THE COMMUNITY'S VIEW OF THE FACTS AND THE BASIS FOR BEGINNING THE NEGOTIATIONS. THE EXACT WORDING OF THESE ORAL COMMENTS IS APPARENTLY WHAT IS HOLDING UP THE REPLY. OFF- THE- RECORD, THEY HINTED AT THE NATURE OF THE COMMENTS (SEE PARAGRAPH 4 BELOW).

4. ON A STRICTLY NOFORN BASIS, FROM OTHER SOURCES WE HAVE OBTAINED THE DRAFT TEXT OF THE ORAL COMMENTS WHICH, HOWEVER, ARE STILL UNDERGOING CLEARANCE WITHIN THE COMMUNITY AND MAY, THEREFORE, BE CHANGED BEFORE WE GET THEM OFFICIALLY. US POSSESSION MUST NOT BE REVEALED.

BEGIN TEXT:

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A. IN THE COMMISSION'S VIEW, THE COMMUNITY'S ESSENTIAL COMMITMENT UNDER THE QUALITY WHEAT AGREEMENT IS TO ENTER INTO NEGOTIATIONS ON THE SUBJECT OF THE CONSEQUENCES OF THE COMMON AGRICULTURAL POLICY FOR US EXPORTS TO THE SIX MEMBER STATES, SO AS TO PROVIDE FOR THE EVOLUTION OF THIS TRADE UNDER FAIR

AND REASONABLE CONDITIONS.

B. UNDER THE AGREEMENT CONCERNING CORN AND CERTAIN
OTHER AGRICULTURAL PRODUCTS, THE COMMUNITY'S
COMMITMENT IS LESS PRECISE, NAMELY TO ENTER INTO

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INFO OCT-01 IO-13 ADP-00 EURE-00 INRE-00 USIE-00 NSCE-00

AGR-20 CEA-02 CIAE-00 COME-00 DODE-00 EB-11 FRB-02

H-02 INR-10 INT-08 L-03 LAB-06 NSAE-00 NSC-10 PA-03

RSC-01 AID-20 CIEP-02 SS-15 STR-08 TAR-02 TRSE-00

PRS-01 OMB-01 OIC-04 AF-10 ARA-11 EA-11 NEA-10 RSR-01

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O R 221710 Z JUN 73

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC IMMEDIATE 5388

INFO AMEMBASSY BONN

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AMEMBASSY COPENHAGEN

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NEGOTIATIONS ON THE SITUATION OF US EXPORTS.

C. THE COMMISSION INTERPRETS THE SPIRIT OF BOTH

AGREEMENTS AS BEING THE DESIRE TO ESTABLISH
THAT, ON THE BASIS OF US RIGHTS ON 1
SEPTEMBER 1960, TRADE IN THESE PRODUCTS HAS BEEN
ABLE TO DEVELOP NORMALLY, NOTWITHSTANDING THE
INTRODUCTION OF THE COMMON AGRICULTURAL POLICY.
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D. ON THE BASIS OF THE INFORMATION AT PRESENT
AVAILABLE TO IT, THE COMMISSION BELIEVES THAT
TRADE HAS IN FACT DEVELOPED NORMALLY OVER THE INTER-
VENING DECADE; AND THAT CONSEQUENTLY THERE IS
NOTHING OF SUBSTANCE ON WHICH THE COMMUNITY AND
THE US ARE CALLED TO NEGOTIATE.

E. NEVERTHELESS, THE COMMUNITY ACCEPT THE JURIDICAL
OBLIGATION TO ENTER INTO NEGOTIATIONS AT THE
REQUEST OF THEIR US PARTNER; AND THE COMMISSION
CONSEQUENTLY STANDS READY TO LISTEN TO WHATEVER
FACTS AND FIGURES THE US AUTHORITIES MAY WISH
TO ADVANCE IN PRESENTING THEIR CASE. END TEXT.

5. HIJZEN AND FIELDING ALSO REVIEWED WITH US INFORMALLY
THE MECHANICS AND PROCEDURE -- AS THEY SEE IT -- OF THE
FIRST MEETING. THEY ENVISAGE AN INITIAL FORMAL
MEETING PRIMARILY FOR THE PURPOSE OF HAVING THE TWO
SIDES SIT DOWN TOGETHER PRIOR TO JUNE 30. THEY
THOUGHT THE MEETING MIGHT BE BRIEF AND DEVOTED ESSENTIALLY
TO A DISCUSSION OF HOW TO PROCEED, E. G., TIMES AND
PLACES FOR FUTURE MEETINGS. PURELY BECAUSE OF THE SHORT
TIMING, HIJZEN ASKED THAT THE FIRST MEETING BE HELD IN
BRUSSELS. THEY ALSO EXPECTED (AND THIS IS CONFIRMED BY
A DOCUMENT WE HAVE PICKED UP) THAT THE COMMUNITY WOULD
WISH TO BEGIN THE SUBSTANTIVE WORK WITH A COMPARISON OF
THE TWO SIDES' UNDERSTANDING OF THE FACTS REGARDING US
TRADE IN RELATION TO THE GRAIN RIGHTS AND SIMILAR MATTERS. THE
TEXT OF THE COMMISSION'S DRAFT PAPER SAYS ON THIS POINT:

BEGIN TEXT: THE COMMISSION PROPOSES TO DEVOTE THE OPENING
MEETING OF THESE NEGOTIATIONS EXCLUSIVELY TO FACT-FINDING.
IN THE LIGHT OF WHATEVER CASE THE AMERICAN AUTHORITIES
MAY PRESENT, THE COMMISSION WILL REPORT TO THE COUNCIL
AND SEEK A DIRECTIVE FROM THE COUNCIL SHOULD ONE BE
NEEDED. END TEXT.

6. MISSION COMMENT: WE ARE REPORTING THE FOREGOING
INFORMATION FOR PLANNING PURPOSES IN VIEW OF THE SHORT TIME
REMAINING PRIOR TO JUNE 30 DURING WHICH WE MUST (A)
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RECEIVE THE OFFICIAL COMMUNITY RESPONSE AND (B)
HAVE A SUBSEQUENT FORMAL MEETING. WE WILL TRANSMIT
THE COMMUNITY RESPONSE URGENTLY WHEN IT IS RECEIVED.
WE WOULD NOT PROPOSE TO ATTEMPT TO ANSWER THE COMMUNITY' S
" ORAL" COMMENTS IN DETAIL PENDING INSTRUCTIONS. RATHER,
WE WOULD STATE THAT WE WILL REPORT THEM TO WASHINGTON
AND EMPHASIZE THAT THE ABSENCE OF A FULL SUBSTANTIVE
REJOINDER ON THE SPOT SHOULD NOT RPT NOT BE INTERPRETED
AS AGREEMENT OR ACQUIESCENCE IN THE COMMUNITY' S VIEW.
WE WOULD OF COURSE MAKE CLEAR, AS STATED IN THE MARCH 9
HARTMAN LETTER TO HIJZEN, THAT WASHINGTON EXPECTS THE
NEGOTIATIONS TO HAVE A SUBSTANTIVE OUTCOME. GREENWALD

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*** Current Classification *** LIMITED OFFICIAL USE

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